

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

The First Bancorp, Inc.

|                                |                |  |              |
|--------------------------------|----------------|--|--------------|
| Point of Contact:              | F Stephen Ward | RSSD: (For Bank Holding Companies)                     | 1133932      |
| UST Sequence Number:           | 186            | Docket Number: (For Thrift Holding Companies)          |              |
| CPP/CDCI Funds Received:       | 25,000,000     | FDIC Certificate Number: (For Depository Institutions) | 4256         |
| CPP/CDCI Funds Repaid to Date: |                | Credit Union Charter Number: (For Credit Unions)       |              |
| Date Funded (first funding):   | N/A            | City:  | Damariscotta |
| Date Repaid <sup>1</sup> :     | N/A            | State:   | Maine        |

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Although total loans decreased \$64.9 million in 2010, much of the decline was attributable to residential mortgages refinancing to low fixed rates that were sold to FHLMC. CRE loans increased \$5.3 million, however, and Helocs were up \$11.0 million in 2010.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☒ **Increase securities purchased (ABS, MBS, etc.).**

The investment portfolio increased \$128.2 million in 2010. Almost all of the increase was attributable to investment in GNMA MBSs and CMOs.

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Because of much higher capital levels as a result of having CPP funds on our balance sheet, our total risk-based capital stood 16.11% at year end. During our annual exam in the third quarter of 2010, the OCC raised no issues with our level of classified assets or non-performing loans because of our very strong capital ratios. Without the CPP funds, our total risk-based capital would have been just over 13.0%, a level which may well have resulted in a different posture from the OCC.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Growing the balance sheet through the purchase of GNMA securities (which support overall economic growth in the United States) would not have happened in 2010 with the higher capital levels that the CPP funding enabled.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None